

Economic development activities are also independently undertaken by state and local governments, and it is difficult to say, on net, how much the federal government adds to their efforts. States and localities use a variety of mechanisms to stimulate economic growth and attract new business. Among the most common are: tax incentives, whereby governments provide exemptions, temporary tax abatements, or preferential assessments; industrial development bonds, whereby states and localities issue tax-exempt bonds to finance business relocation or expansion; and direct public services, whereby governments provide new firms with such facilities as access roads or utility connections at less than full cost. Further, some states and localities deliberately set the structure and level of their taxes so as to attract and maintain businesses. Virtually all states pursue economic development strategies with some mix of these elements, and it is likely that their efforts outweigh those of the federal government, although in both cases it is difficult to determine how much effect on economic activity these incentives and direct assistance offered to businesses produce.

#### Economic Development Administration

The Economic Development Administration (EDA) was established in 1965 to assist localities experiencing economic distress through a variety of means, including:

- o Grants for local public works projects, including site development for industrial parks and infrastructure development;
- o Grants for planning and technical assistance to communities for a variety of uses, such as export development, technology transfer, and research grants; and
- o Direct loans and loan guarantees to private firms for working capital and fixed asset requirements.

State and local government eligibility for EDA assistance is based on local economic conditions, generally measured by high or prolonged unemployment or by low income. The criteria are set so loosely, however, that areas eligible for EDA aid encompass 80 percent of the U.S. population. Private firms applying for EDA credit assistance must be located in areas eligible for assistance, must be unable to obtain aid elsewhere, but must have reasonable assurance that they will be able to meet the terms of the loan.

Funding for EDA activities in 1983 is set at \$298 million for grants, including \$100 million added in the supplemental jobs legislation, and \$150

million for loan guarantees (see Table A-7). Although no new loan authority has been provided, additional direct loans may be made from the repayments collected on outstanding loans. Of the 1983 grant funds, \$230 million will be used for public works projects, \$100 million of which is planned for relatively short-term, labor-intensive projects to aid areas with high rates of unemployment. The remaining grant funds will be used for other support such as planning and technical assistance. All EDA assistance is awarded by federal officials on the basis of applications from eligible governments and private firms.

TABLE A-7. FEDERAL FUNDING FOR ECONOMIC DEVELOPMENT, 1982 AND 1983 (In millions of dollars of budget authority)

| Program                             | 1982       | 1983                 |
|-------------------------------------|------------|----------------------|
| Economic Development Administration |            |                      |
| Public works grants                 | 130        | 230                  |
| Other grants <u>a/</u>              | <u>68</u>  | <u>68</u>            |
| Total                               | <u>198</u> | <u>298</u> <u>b/</u> |
| Urban Development Action Grants     | <u>435</u> | <u>440</u>           |
| Grand Total                         | 633        | 738                  |

SOURCE: Congressional Budget Office.

- a. Includes technical assistance, planning, and research grants.
- b. Includes \$30 million in new obligational authority transferred from revolving fund.

#### Urban Development Action Grants

The Urban Development Action Grant (UDAG) program attempts to link public and private investment directly by aiding projects that are

actively supported by local governments and that have firm commitments from private developers. Cities identify projects that are not likely to be undertaken by the private sector alone but that have the potential for furthering economic activity within a distressed area. Officials secure private commitments to the project and request UDAG aid to provide public services or financing. UDAG funding is to be provided only if the project could not proceed in its absence.

UDAG assistance is limited to localities experiencing economic distress, measured by such factors as their rates of growth in population, income, and retail and manufacturing employment; their rates of unemployment; the proportion of population with incomes below the poverty line; and the age of the housing stock. Local governments that do not meet these requirements may still apply for action grants if the planned project would be located in an area within the jurisdiction that is economically distressed. UDAG funds are awarded on a competitive basis among eligible jurisdictions.

Funding for UDAG in 1983 is set at \$440 million, down from a peak of \$675 million in 1980 and 1981, to fund a variety of commercial, industrial, and housing projects. About 60 percent of program funds to date support commercial projects such as the development of office buildings or hotel complexes; 25 percent has been used for industrial projects such as the expansion or relocation of small electronics firms; and the remainder has been used for housing. UDAG funds may fill a variety of roles in development projects, including: direct subsidies to developers through loans, interest reductions, or land write-downs; provision of infrastructure required for the project; or payment of relocation expenses associated with a project.

---

## APPENDIX B. BACKGROUND FOR EDUCATION, EMPLOYMENT, AND SOCIAL SERVICE PROGRAMS

---

This appendix discusses the operation and effects of most current intergovernmental grant programs for education, employment assistance, and social services. Education programs are divided into two groups--programs for students with special needs, and others.

### EDUCATION PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

More than 70 percent of federal grant dollars for elementary, secondary, and vocational education--about \$4.6 billion in 1983--fund programs for students with special needs.<sup>1/</sup> These include compensatory programs for low-income and underachieving students, educational and other services for handicapped students, and bilingual education for non-English-speaking students (see Table B-1). Additional federal funding for compensatory services is available through Head Start, a social service program for pre-school children from poor families.

The role of federal funding differs between compensatory programs, on the one hand, and handicapped and bilingual programs on the other. Unless they accept federal funds for that purpose, schools are not required to provide compensatory education to underachieving students. Federal courts have ruled, however, that special efforts to facilitate access to mainstream public education for handicapped and non-English-speaking children are required under the law, whether or not federal funds are received by the schools for that purpose. As a result, federal programs for the handicapped and for bilingual education help to support activities that schools must undertake in any case, while federal programs for compensatory education provide funding for services that many schools might otherwise not provide.

#### Compensatory Programs

Title I/Chapter I of the ECIA. Title I of the Elementary and Secondary Education Act--as modified by Chapter I of the Education Con-

- 
1. In addition to grants, the federal government supports and administers some education programs for Indians and migrants directly.

TABLE B-1. GRANTS FOR THE EDUCATION OF STUDENTS WITH SPECIAL NEEDS, 1982 AND 1983

| Program   | Budget Authority a/ |       | Distribution Mechanism  | Beneficiaries  |
|---|---------------------|-------|---|--|
|   | 1982                | 1983  |   |  |
| (millions of dollars)   |                     |       |   |  |
| <hr/>   |                     |       |   |  |
| COMPENSATORY EDUCATION <u>b/</u>  |                     |       |   |  |
| Title I/Chapter I of the Education Consolidation and Improvement Act (ECIA) | 3,034               | 3,200 | Formula grants to states based on state expenditures per pupil and low-income school-age population. Most funds passed on to local education agencies | Underachieving students in low-income school districts |
| Vocational Education Act: Special Programs for the Disadvantaged            | 14                  | 14    | Formula grants to states based on income and school-age population  | Economically or educationally disadvantaged students   |
| Adult Education Act   | 86                  | 95    | Formula grants to states based on the number of adults with less than a high school education. Recipient cost-sharing (10 percent)                    | Adults lacking a high school degree                    |
| HANDICAPPED EDUCATION <u>c/</u>   |                     |       |   |  |
| Education of the Handicapped Act  | 1,069               | 1,199 | Mostly formula grants to states based on the number of handicapped students, with pass-through to local agencies                                      | Handicapped students                                   |

TABLE B-1. (Continued)

| Program   | Budget Authority a/<br>1982                      1983<br>(millions of dollars) |     | Distribution<br>Mechanism   | Beneficiaries   |
|---|--|-----|---|---|
|   |  |     |   |   |
| <b>BILINGUAL EDUCATION d/</b>                   |  |     |   |   |
| Bilingual Education Act                         | 134  | 134 | Project grants to state, local, and non-profit educational institutions | Children with limited proficiency in English                        |
| Vocational Education Act:<br>Bilingual Training | 4  | 4   | Project grants to state, local, and non-profit agencies                 | Adults who are under-employed due to limited proficiency in English |

SOURCE: Catalog of Federal Domestic Assistance.

- a. Congressional Budget Office estimates. For some programs, budget numbers include small amounts not distributed as grants but used for associated federal activities.
- b. Additional funding for the disadvantaged is provided through a 20 percent setaside required in vocational education basic programs.
- c. Additional funding for the handicapped is provided through a 10 percent setaside required in vocational education basic programs, and through state programs for the handicapped under Title I/Chapter I of the ECIA.
- d. Additional support for language training for those whose proficiency in English is limited is provided through Title I/Chapter I of the ECIA, Head Start, and Adult Education programs.

solidation and Improvement Act (ECIA) of 1981--is the largest source of funding for compensatory education, and provides half of all grants for elementary and secondary education--\$3.2 billion in 1983. No state or local match is required under the program. In more than half the states, the ECIA is the only source of funds for compensatory education. In the 18 states that had state programs in the 1978-1979 school year, federal dollars provided, on average, more than 70 percent of total federal and state funding for compensatory education. Nationwide, federal dollars provided nearly 80 percent of all funding for compensatory education.

Under Title I, Part A, formula grants are distributed among and within the states on the basis of state school expenditures per pupil and the relative number of school-age children from low-income families, although at the school level compensatory services are targeted on underachieving children regardless of family income.<sup>2/</sup> Almost 90 percent of school districts receive some funds under Title I, but districts with large concentrations of poor children receive larger per pupil allocations.

Strict regulations governing the use of Title I funds have resulted in well-targeted programs of supplemental services--provided primarily to elementary school students--that have increased educational performance relative to comparable non-Title I students. Although relative performance has been improved, the benefits of compensatory education have not been great enough for Title I participants to "catch up" with nondisadvantaged noncompensatory students. Further, it is unclear how long the relative gains made by Title I participants are sustained. Preliminary evidence over a three-year period indicates that most gains are made in the first year of Title I participation, and that although Title I graduates do not generally fall back in reading skills, mathematical skills decline after participation ceases.<sup>3/</sup> Finally, the amendments to Title I authorized by Chapter I of the ECIA may reduce the targeting and hence the efficacy of these compensatory programs, beginning with the 1982-83 school year.

- 
2. About 85 percent of Title I funding is for Part A programs for local education agencies. There are several smaller programs under Part B, for services provided by state agencies to institutionalized and migrant children.
  3. See U.S. Department of Education, "An Evaluation of ESEA Title I--Program Operations and Educational Effects: A Report to Congress" (March 1982), Chapter IV.

Vocational Education Programs. A second source of federal funding for compensatory services occurs through special programs for disadvantaged students under the Vocational Education Act, as well as through a 20 percent setaside in basic vocational programs. It appears that the provisions of the Vocational Education Act have induced states to make a greater effort to serve disadvantaged students from their own resources as well. Although the proportion of state-local vocational expenditures devoted to this purpose is modest--only about 10 percent--this reflects a state-local contribution to services for the disadvantaged that exceeds federal matching requirements. (For example, states contribute more than a third of the funding for special programs for the disadvantaged, although no match for federal funds is required in these programs.) It is not known, however, whether the supplemental services provided to the disadvantaged result in educational or employability gains relative to similar students not receiving services. <sup>4/</sup>

Adult Education. Federal support under the Adult Education Act provides formula grants to states to reduce functional illiteracy, by paying up to 90 percent of the costs of remedial courses for adults lacking a high school degree. Federal funds have apparently induced an increase in the number of classes held and the number of disadvantaged adults served, with states paying a growing share of the costs for these programs. Estimates for 1982 indicate that states matched federal funds dollar for dollar, paying 50 percent of program costs.

#### Education of the Handicapped

Limited federal funding for education of the handicapped--special education--was available earlier, but federal funding increased substantially in 1975 with amendments to the Education of the Handicapped Act (EHA). That is now the major source of federal funding--providing \$1.2 billion in 1983--although some additional funding is provided under Chapter I of the ECIA (for handicapped children in state institutions) and through a 10 percent setaside in basic programs under the Vocational Education Act. Most funding under the EHA is allocated among the states on the basis of the number of handicapped children aged 3 to 21 receiving special education and related services. In addition, about 12 percent of federal funding is allocated on a discretionary basis for special purposes, such as removal of architectural barriers and personnel development. Federal funding is less than 10 percent of all public spending for special education.

- 
4. See U.S. Department of Education, "Vocational Education: Report by the Secretary of Education to the Congress, 1981" (June 1982), Table 2; and The National Institute of Education, The Vocational Education Study: The Final Report (September 1981).



Because supplemental services necessary to assure access to public education for the handicapped are required under the law, whether or not federal funding is provided to pay for them, federal education programs for the handicapped probably have little effect now on whether or not some services are provided. <sup>5/</sup> They may, however, affect the amount and kind of services provided, since states that accept federal dollars for special education are then bound by federal program mandates and regulations. <sup>6/</sup>

In particular, the EHA prescribes that handicapped children be educated in the "least restrictive" environment, which means that handicapped children are to be served in regular rather than segregated classes if at all possible. This has led to complaints by local educators, who contend that they are in a better position to determine the appropriate educational approach for the handicapped children they serve. They argue that, in some instances, education for both handicapped and other children would be improved if the handicapped were educated separately in special education classes. This is because few regular classroom teachers have the training to

- 
5. The educational rights of handicapped children were established initially in two major state-level suits: Pennsylvania Association for Retarded Citizens v. Commonwealth of Pennsylvania; and Mills v. D.C. Board of Education. At the national level, there are two federal laws intended to assure certain rights to handicapped persons: Section 504 of the Rehabilitation Act of 1973 prohibits any program or activity receiving federal assistance from discriminating against persons because of a handicapping condition; and Part B of the EHA requires that each state participating in the state grant program provide a "free appropriate public education" to all handicapped children 3 to 21 years of age in the "least restrictive environment." In July 1982, the Supreme Court began the task of defining reasonable limits to the rights of handicapped children by deciding that very high-cost types of help--such as a sign language interpreter for a single child--were not required when the child was making "reasonable progress" without them (Hendrick Hudson District Board of Education v. Rowley). See Congressional Research Service, "Education of the Handicapped," Issue Brief 78040, April 14, 1982.
  6. For the 1978-1979 school year, New Mexico was the only state that did not apply for a grant under Part B of the EHA. Even states that refuse EHA funds may comply with EHA regulations, though, since compliance with the EHA regulations is one way to demonstrate compliance with the more generally applicable requirements of Section 504 of the Rehabilitation Act.

deal effectively with handicapped children, so that the children make less progress than they might if they had the attention of a special education teacher. In addition, the behavior characteristic of certain disabilities can be seriously disruptive of regular classroom activities.

Another major complaint with the EHA centers around the non-educational services--such as special medical and transportation services--that are required for some students. Critics argue that it is not appropriate to impose the sometimes large and uncontrollable costs of these related services on the educational system. One study found that 25 percent of one state's school transportation budget was spent on handicapped children, although they were only 3 percent of the total school population. In addition, the study found that some state non-educational agencies had eliminated services to handicapped students because they assumed that educational agencies were receiving enough federal funds to take responsibility for the necessary services. 7/

Supporters of the current requirements contend, however, that they are needed to counter the tendency of some school districts to ignore the special needs of handicapped children, or to offer them inferior services in segregated classes. Although it seems clear that educational opportunities for handicapped children have increased substantially as a result of court decisions and legislation in the last decade, there is little evidence on the relative effectiveness of alternative approaches to education for the handicapped. To date, most research has been confined to measuring compliance with regulations.

### Bilingual Education

The educational rights of non-English-speaking children, like those of handicapped children, are protected by law whether or not federal funding is available to pay the costs. 8/ Federal civil rights enforcement and grant programs have emphasized bilingual education--some instruction in the child's native language--in preference to English-only alternatives as the means to ensure these rights.

- 
7. See "P.L. 94-142: A Study of the Implementation and Impact at the State Level" (Education Turnkey Systems, 1981).
  8. In a 1974 decision (Lau v. Nichols), the Supreme Court decided that special efforts to assimilate non-English speaking children in public schools are required under Section 601 of the Civil Rights Act of 1964, which bans discrimination based on national origin in any program or activity receiving federal assistance.

Most federal funding is provided under the Bilingual Education Act of 1968 (Title VII of the Elementary and Secondary Education Act), although some support for bilingual vocational training is available under the Vocational Education Act.<sup>9/</sup> Under Title VII, project grants--totalling \$134 million in 1983--are awarded on a competitive basis to state and local education agencies in order to facilitate the development of their capacity to provide bilingual education, with rapid withdrawal of federal support once this goal is met. In 1982, 43 states received Title VII funds, but about half the projects (and funds) were in just three states--California, New York, and Texas.

Local educators have argued for greater flexibility in addressing the needs of non-English-speaking students, on two grounds.<sup>10/</sup> First, they maintain that it is not feasible in many areas to provide instruction in the native language of each student because so many different languages are represented. Second, they argue that alternative techniques, such as English as a Second Language or structured immersion programs, are often more effective. A review of research on bilingual education programs supports local claims about the need for greater flexibility. Based on these findings, a report prepared by the Department of Education states that "continued Federal pressure for bilingual education [to the exclusion of other approaches] warrants reexamination," and that "the problems of language-minority children are too complex to lend themselves to one nationally mandated instructional approach."<sup>11/</sup> The Administration is seeking legislative changes in Title VII to allow alternatives to bilingual education.

- 
9. In addition, some language training is provided under Title I, Head Start, adult education programs, and refugee assistance programs.
  10. The first instance in which an all-English program was accepted as fulfillment of federal civil rights requirements occurred in December 1980, when the U.S. Department of Education told Fairfax County, Virginia, that it was not required to teach students in their native language. Fairfax County has an English as a Second Language program. The burden of proof has rested with the local school system to prove that alternative approaches are superior to bilingual instruction, however. See Congressional Research Service, "Bilingual Education: Federal Intervention or Equal Access?" Issue Brief 80093, January 15, 1982.
  11. Beatrice Birman and Alan Ginsburg, "Addressing the Needs of Language-Minority Children: Issues for Federal Policy," U.S. Department of Education (October 5, 1981), pp. 1 and 11.

## OTHER EDUCATION PROGRAMS

In contrast to the programs examined in the previous section--which support supplementary educational activities that were rare prior to federal mandates or funding--the grant programs discussed in this section support general educational activities at the state and local level. These include basic vocational education programs, Chapter II of the ECIA, and impact aid (see Table B-2). Spending for these programs accounts for less than 30 percent of all federal aid to elementary, secondary, and vocational education--about \$1.7 billion in 1983. In addition, this section discusses programs that provide grants to improve library services. 12/

### Vocational Education

Federal support for vocational education is longstanding, dating back at least to the Civil War at the postsecondary level and to 1917 at the elementary and secondary level. Current support--a total of \$725 million in 1983--is authorized under the Vocational Education Act of 1963 and subsequent amendments. Most funds are distributed among states and then to local education agencies through a formula based on population and per capita income. States are required to match the federal contribution dollar-for-dollar in basic programs, but overmatching is so large that federal dollars make up less than 10 percent of all public spending for vocational education. This suggests that federal programs have little effect on the overall level of spending, although (as discussed earlier) special programs and setasides targeted on students with special needs have influenced the composition of spending. Nearly one-third of federal dollars are targeted on students with special needs.

There is no strong evidence that vocational education programs are effective. At the secondary level (which receives 80 percent of federal funds), there is no apparent long-term advantage for vocational education students relative to general curriculum students, although there are short-term gains in employment and earnings for women in office skills programs and (to a lesser extent) for men in industrial education. There is very weak evidence that vocational education may reduce high school dropout rates,

- 
12. Federal spending for postsecondary education--\$7.4 billion in 1983--is mostly financial aid provided directly to students, through guaranteed student loans, Pell grants, and campus-based programs. Since these are not intergovernmental grant programs, federal aid for postsecondary education is not discussed here.

TABLE B-2. GRANTS FOR GENERAL EDUCATION AND RELATED PROGRAMS, 1982 AND 1983

| Program  | Budget Authority a/<br>1982      1983<br>(millions of dollars) |     | Distribution<br>Mechanism   | Beneficiaries                                      |
|--|--|-----|---|--|
|  |  |     |   |  |
| Vocational Education Act:<br>Basic Programs <u>b/</u>                | 634  | 707 | Formula grants to states based on population and income. Recipient cost-sharing (50 percent) usually required               | Vocational education students                      |
| Chapter II of the Education Consolidation and Improvement Act (ECIA) | 484  | 479 | Mostly formula grants to states based on school-age population. Minimum 80 percent pass-through to local education agencies | School children                                    |
| Impact Aid   | 466  | 540 | Mostly formula grants to local education agencies based on number of federally connected children and per-pupil costs       | School districts with federally connected children |
| Library Programs   | 80   | 130 | Mostly formula grants to improve library services. Recipient cost-sharing (33 to 67 percent) usual                          | Patrons  |

SOURCE: Catalog of Federal Domestic Assistance.

- a. Congressional Budget Office estimates. For some programs, budget numbers include small amounts not distributed as grants but used for associated federal activities.
- b. Excludes Special Programs for the Disadvantaged and Bilingual Training, which are shown in Table B-1.

but that it may also reduce the rate of college attendance. Postsecondary vocational education appears to be more consistently related to earnings gains for both men and women, with the increase somewhat larger for non-whites than for whites. 13/

## Chapter II of the ECIA

The State Education Block Grant is authorized under Chapter II of the ECIA, which consolidated about 30 small categorical aid programs. Most of the antecedent programs were project grants awarded competitively at the federal level, with urban school districts as the major recipients. The activities for which categorical aid was available included emergency school aid for desegregation activities and career education programs, among others. 14/ Under the block grant, funds are distributed by formula to the states, with a mandatory minimum passthrough of 80 percent to local education agencies. Funds may be used for any of the purposes of the previous categorical programs, but they represent less than 0.5 percent of all spending for elementary and secondary education. 15/ Up to 6 percent of funds appropriated for Chapter II of the ECIA may be used by the Secretary of Education for discretionary projects.

- 
13. See Robert H. Meyer, "An Economic Analysis of High School Vocational Education," Parts III and IV, Urban Institute Project Report (August 1981); National Commission for Employment Policy, The Federal Role in Vocational Education (September 1981); National Institute of Education, The Vocational Education Study: The Final Report (September 1981); and National Center for Research in Vocational Education, The Effects of Participating in Vocational Education: Summary of Studies Reports Since 1968 (May 1980).
  14. Follow Through--a program that provides continuing compensatory services to Head Start graduates once they enter regular school programs--was retained as a categorical program for three years, after which it will be funded only through the block grant. See Advisory Commission on Intergovernmental Relations, A Catalog of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded in 1981 (February 1982), pp. 67-69 for a list of the categorical programs consolidated into Chapter II of the ECIA.
  15. See Congressional Research Service, "Impact of Budget Changes on Major Education Programs, Both Enacted and Proposed, During the 97th Congress," Issue Package 0199E, February 1982, pp. 1-4.

The block grant is essentially equivalent to unrestricted aid to education. Although the Congress reiterated its commitment to the basic goals of the predecessor programs when it created the grant, it is not effectively targeted at those goals. This is because funds are allocated on the basis of school-age population, rather than on the basis of any criterion related to the goals of the predecessor programs, and because federal oversight and control are minimal.

### Impact Aid

Impact aid provides unrestricted payments intended to compensate local school districts whose tax bases are reduced or whose enrollments are increased because of federal installations. The need for federal aid arises because federal property has been exempted from state and local taxation by the Congress. As a result, private property holders in federally affected localities pay higher property tax rates to finance local services than they would if all property in the locality was privately owned and taxable. In recognition of this difference in treatment and of the value of local services used as the result of federal installations, the federal government has a number of programs that make payments in lieu of taxes to federally affected localities. Impact aid is the largest of them.

In 1983, impact aid payments amounting to \$540 million were made to federally affected school districts. Most payments are allocated to local school districts by a formula based on the number of federally connected children enrolled and on local per pupil expenditures. Two classes of federally connected children are distinguished: Class A children, whose parents both work and live on federal property (including children who live on Indian lands); and Class B children, whose parents either work or live on federal property. The payment per pupil is currently less for Class B children than for Class A children, and all payments for Class B children are to be phased out by 1985. <sup>16/</sup> The reasoning behind this--as argued by both current and previous Administrations--is that districts with Class B children are not adversely affected by the federal presence, since economic activity and off-site tax revenues are increased by parents who work or live outside the installation. <sup>17/</sup>

- 
16. A three-year phaseout of payments for Class B children beginning in 1982 is a provision of the Omnibus Budget Reconciliation Act of 1981. Even for Class A children, the program is not fully funded so that the payment per child is less than per pupil expenditures.
  17. See Congressional Research Service, "Education: Impact Aid--FY 83 Funding Levels and Priorities," Issue Brief 79018, April 1982.

Districts may be less adversely affected by Class B children than they are by Class A children, since off-site property, income, and sales tax collections are likely to be higher due to the activities of the parents of Class B children. This difference may be small, however, since in many areas only increases in off-site property tax collections benefit the affected school districts directly. Increased income and sales tax collections are more likely to accrue to state governments. It would probably be more equitable to replace the current collection of payment schemes that compensate localities for federal installations with a comprehensive program of payments in lieu of taxes, based explicitly on the property tax revenues that would be due if federal property were taxable.

### Library Programs

Federal support for library services--\$130 million in 1983--comprised less than 5 percent of all public spending for library services. About 45 percent of federal funds were allocated through a population-based formula to states to improve library services in underserved areas. A succession of federal administrations have sought to eliminate the federal contribution to library services, or to limit it only to funding for underserved areas, arguing that relieving inadequate library services is a low priority item for scarce federal dollars, particularly since there is no evidence that the public (as distinct from the providers of services) perceives any serious inadequacy in the availability of library services. Service providers, on the other hand, maintain that federal support is important because the continuing "information explosion" and the development of new and expensive technology to improve its availability have made it increasingly difficult for all but a few major libraries to store all this information. 18/

### EMPLOYMENT ASSISTANCE PROGRAMS

The federal government provides employment assistance in two ways: it funds training and employment programs for selected groups; and it supports the information and placement activities of the Employment Service (see Table B-3). 19/ Employment assistance programs--which are

- 
18. See Advisory Commission on Intergovernmental Relations, Federal Involvement in Libraries (June 1980).
  19. Job creation is also one of the goals of community and regional development programs (discussed in Chapter IV) in addition to improv-  
(Continued)



TABLE B-3. GRANTS FOR EMPLOYMENT ASSISTANCE PROGRAMS, 1982 AND 1983

| Program   | Budget Authority a/<br>1982                  1983<br>(millions of dollars) |          | Distribution<br>Mechanism  | Beneficiaries                         |
|---|--|----------|--|---------------------------------------|
|   |  |          |  |                                       |
| Training and Employment                                 |  |          |  |                                       |
| CETA/JTPA:<br>Programs for the<br>Disadvantaged b/      | 2,964 c/   | 3,852 d/ | Mostly formula grants to<br>state, local, and non-<br>profit agencies based<br>on low-income and<br>unemployed population                    | Economically disadvantaged<br>workers |
| Work Incentive Program                                  | 281  | 271      | Formula grants to state<br>welfare agencies based<br>on the number of WIN<br>registrants. Recipient<br>cost sharing (10 percent)<br>required | AFDC recipients                       |
| Older Americans Act:<br>Community Service<br>Employment | 277  | 319      | Project grants to state,<br>local, and nonprofit<br>agencies. Recipient<br>cost sharing (10 percent)<br>required                             | Low-income workers<br>aged 55 or more |